

Ashford Borough Council

Changing our council tax reduction scheme

THE DETAILS

Accompanying document to provide guidance to those responding to the council tax reduction scheme consultation for the financial year 2020-21.

Published August 2019.



Changing our council tax reduction scheme

Foreword

Our current council tax reduction scheme has been in place, with only minor changes, since 2017, but we now need to make sure it still works for applicants.

The changes we are proposing are designed to make it easier for applicants to manage their finances and budget by simplifying the process of claiming.

We recognise the importance of consulting with people about these changes, which we hope will make it easier for the people who need it the most to claim a council tax reduction.

You can read more about the proposed changes in this document and then complete the survey to have your say.

Once we have the consultation results, my colleagues and I will discuss these before we approve the final scheme in early 2020.



Cllr Neil Bell
Portfolio Holder for Finance

Introduction

Council tax support was set up when council tax benefit was abolished in 2013. It will now be known as council tax reduction. Council tax reduction offers support for families who need financial help the most and is aimed at encouraging people who are not working, to get back to work.

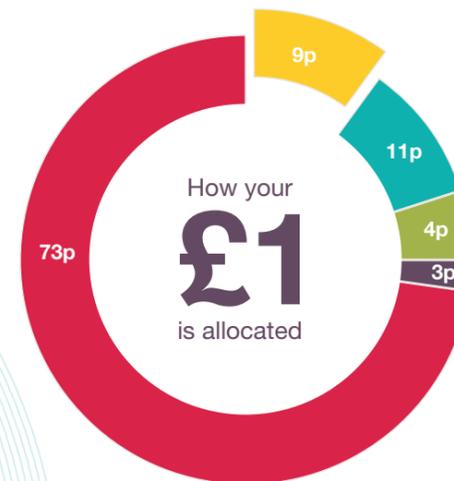
Council tax reduction is a localised scheme that reduces the amount of council tax charged for those whose combined income and savings fall below a certain level. It upholds the principles behind the government's introduction of the scheme in 2013 - to encourage people of working age to return to work and to show that work pays.

The scheme asks those people of working age who are eligible for council tax reduction, to contribute something towards their council tax, whilst offering a certain level of additional protection for disabled and carer residents.

When you pay your council tax to Ashford Borough Council, only 9p in every £1 is kept by the council.

The rest is distributed to Kent County Council (73p in every £1), Kent Police and Crime Commissioner (11p), Kent Fire and Rescue (4p in every £1), and if you live in a parished area, your town or parish council (3p in every £1).

The existing scheme has been in place since 2013, and in 2017 a few key changes were made to the scheme. Ashford Borough Council and all the other local authorities in Kent are now undertaking a comprehensive review of council tax reduction schemes. Applicants, residents and other organisations are being asked for their views on the proposed changes to the council tax reduction scheme, from April 2020.



- Kent County Council
- Ashford Borough Council
- Office of the Kent Police and Crime Commissioner
- Kent and Medway Fire and Rescue Authority
- Parish/Town Councils

You can see that Ashford Borough Council receives nine pence out of every £1 of council tax you pay.

We want your views

If you currently receive council tax reduction, if you are going to be affected by the proposed changes or if you are just interested in the welfare reform agenda, we want to know what you think.

Only by asking your views can we then use your responses to fully consider the impact of the revised proposals we are setting out. Once we have taken your views on board, our councillors (at a public meeting that you can attend) will then determine the revised localised scheme that will be formally agreed by 31 January 2020 and will come into effect on 1 April 2020.

The council's proposed revisions

These are the proposals the council is considering revising as part of its council tax reduction scheme from 1 April 2020. This forms the basis for the council tax reduction consultation.

- Currently the minimum level that anyone in receipt of council tax reduction is asked to pay towards their council tax is 17.5%. Under the revised scheme the minimum level will be 20%
- Currently the minimum level that any disabled/carer residents receiving council tax reduction are asked to pay towards their council tax is 5%. Under the revised scheme the minimum level will be 10%
- Currently council tax reduction is assessed via a means test, comparing a family's needs to their income. Under the revised scheme it is proposed that council tax reduction will be awarded according to the following table:

Bands	Band 1 80% Discount	Band 2 65% Discount	Band 3 50% Discount	Band 4 35% Discount	Band 5 20% Discount
Single	£0.00 –£82.10	£82.11–£123.15	£123.16–£164.20	£164.21–£205.25	£205.26–£246.30
Couple	£0.00–£122.10	£122.11–£163.15	£163.16–£204.20	£204.21–£245.25	£245.26–£286.30
Lone Parent with 1 child	£0.00–£132.10	£132.11– £173.15	£173.16–£214.20	£214.21–£255.25	£255.26–£296.31
Couple with 1 child	£0.00–£172.10	£172.11–£213.15	£213.16–£254.20	£254.21–£295.25	£295.26–£336.30
Lone parent with 2+ children	£0.00–£182.10	£182.11–£223.15	£223.16–£264.20	£264.21–£305.25	£305.26–£346.30
*Couple with 2+ children	£0.00–£222.10	£222.11–£263.15	£263.16–£304.20	£304.21–£345.25	£345.26–£386.30
Bands	Band 1 90% Discount	Band 2 75% Discount	Band 3 60% Discount	Band 4 45% Discount	Band 5 30% Discount
*Disabled/Carer applicants	£0.00– £222.10	£222.11– £263.15	£263.16– £304.20	£304.21– £345.25	£345.26– £386.30

The council is consulting on the following changes to its scheme for 2020/21:

- Introducing an income 'grid' scheme for all working age applicants replacing the current means tested approach which was based on the previous council tax benefit scheme (Change 1);
- Limiting the number of dependent children used in the calculation of support to two for all working age applicants (Change 2);
- Changing the claiming process for all applicants who receive universal credit (Change 3);
- Removing the current earnings disregards and replacing them with a standard disregard of £25, which means that the first £25 per week you earn will not be included when we calculate your council tax reduction (Change 4);
- Disregarding carer's allowance which is currently taken into account as income, which means that any carer's allowance you receive will not be included when we calculate your council tax reduction (Change 5);
- Where the applicant receives universal credit, any amount awarded as a housing element will not be included when calculating the applicant's income (Change 6);
- Decrease the maximum level of protection for working age applicants from 82.5% to 80%, and from 95% to 90% for working age disabled and carer households (Change 7);
- Remove the extended payments provision within the existing scheme (Change 8);
- Provide a further income disregard of £40 where an applicant, their partner or dependent child receives carer's allowance or a disability benefit such as disability living allowance or personal independence payment, which means that the first £40 per week will not be included when we calculate your council tax reduction (Change 9);
- Any change in circumstances which will change council tax reduction entitlement will be made from the date the change occurs, rather than on a weekly basis as happens currently (Change 10).

Our reasons

- We agree that we must ask working-age council tax reduction applicants to contribute an additional sum towards their council tax to make all public services delivered in our borough sustainable
- We do not want to significantly increase our element of council tax to fund this as we are committed to delivering the lowest council tax in Kent
- We do not want to reduce other council services as we must preserve those council services that residents have told us they value and want us to provide
- We do not want to increase fees and charges for other services to fund this shortfall nor are we keen to use reserves

Decisions already taken

- We are going to continue to exclude pensioners from the scheme
- We will proudly continue to offer disabled applicants additional support.
- We did consider not having a scheme in place at all but have discounted this

Examples to show the potential impact of the proposals

ONE Non-working applicant receiving a 'passported' benefit (for example, income based jobseekers allowance, income based employment and support allowance or income support) and therefore currently receive 82.5% council tax support

Current council tax support (CTS) entitlement = £27.34 per week
 If minimum contribution increased to 20% (from 17.5%)
 Liability = £33.14 per week
 New council tax reduction entitlement (CTR) = £26.51 per week
 Reduction in support = £0.83 per week.

TWO Working applicant (couple) with three children. Earning £185 with £222 tax credits per week

Total earnings after £25 earnings disregard* = £382 (band 5 for couples with more than two children)
 Current CTS entitlement = £9.30 per week
 Liability = £24.10 per week
 New CTR entitlement = £4.82 per week (20% entitlement)
 Reduction in support = £4.48 per week.

THREE Working applicant (couple) with one child. Earnings £226, with £54 in tax credits per week

Total earnings after £25 earnings disregard* = £255 per week (band 4 for couples with one child)
 Current CTS entitlement = £9.95 per week
 Liability = £26.33 per week
 New CTR entitlement = £9.22 per week (35% entitlement)
 Reduction in support = £0.73 per week.

FOUR Working applicant (lone parent) with one child. Earnings £112, with £126 tax credits, per week

Total earnings after £25 earnings disregard* = £213 per week (band 3 for lone parents with one child)
 Current CTS entitlement = £11.94 per week
 Liability = £22.09 per week
 New CTR entitlement = £11.04 per week (50% entitlement)
 Reduction in support = £0.90 per week.

FIVE Disabled applicant receiving disability living allowance, and receiving a 'passported' benefit (for example, income based jobseekers allowance, income based employment and support allowance or income support) and therefore currently receiving 95% council tax support.

Liability = £25.77 per week
 Current CTS entitlement = £24.49 per week
 If minimum contribution increased to 10% (From 5%)
 New CTR entitlement = £23.19 per week
 Reduction in support = £1.30 per week.

SIX Disabled applicant receiving disability living allowance and working. Earnings £227, with £110 tax credits per week. £58.70 DLA disregarded**.

Total earnings after £25 earnings disregard* + £40 disabled disregard** = £272 per week (band 3 for vulnerable claimants)
 Current CTS entitlement = £22.78 per week
 Liability = £34.22 per week (60% entitlement)
 New CTR entitlement = £20.53 per week.
 Reduction in support = £2.25 per week.

SEVEN Working applicant (lone parent) with one child. Earnings £184, with £111 tax credits per week.

Total earnings after £25 earnings disregard* = £270 per week (band 5 for lone parents with one child)
 Current CTS entitlement £3.38 per week
 Liability = £23.13 per week (20% entitlement)
 New CTR entitlement £4.63 per week.
 Increase in support = £1.25 per week.

EIGHT Disabled applicant receiving personal independence payment and working. Earnings £258, with £150 tax credits per week. £81.90 PIP disregarded***.

Total earnings after £25 earnings disregard* + £40 disabled disregard** = £343 per week (band 4 for vulnerable claimants)
 Current CTS entitlement = £10.62 per week
 Liability = £25.78 per week (45% entitlement)
 New CTR entitlement = £11.60 per week
 Increase in support = £0.98 per week.

*Earnings disregard means that the first £25 per week of your earnings is not included when we calculate the council tax reduction you will receive.

** Disabled disregard means that if you are classed as disabled £40 per week of your calculated income (plus £25 per week if you are working) will not be included when we calculate the council tax reduction you will receive.

*** Disability living allowance and personal independence payment income are not counted as an income when we calculate the council tax reduction you will receive.

FAQs

Q. What is council tax reduction?

A. Instead of receiving a payment towards council tax, the amount of council tax charged is reduced. Our scheme is as fair as possible and upholds the principles of the government when council tax reduction was introduced in 2013 - people of working age are incentivised to return to work, while those who will find returning to work more challenging (such as disabled) receive a certain level of protection.

Q. What specifically is changing?

A. Several proposals are listed in the consultation document. Once the consultation results have been analysed, Ashford Borough Council will decide which changes to make to the new council tax reduction scheme from April 2020, taking into account all responses received from the consultation.

Q. Will everyone who currently receives council tax reduction be affected?

A. No. The government has said people who have reached the qualifying age for state pension credit will not be affected by the changes and will continue to receive similar support.

Q. What influence do I have over the revised scheme?

A. We are asking all directly affected applicants, some residents not receiving council tax reduction, public organisations and charities affected by the proposed changes for their views as part of an eight week consultation period.

Q. Will I have to reapply for the amended council tax reduction scheme?

A. If you currently receive council tax reduction you will not have to reapply. You will automatically be reassessed using the revised criteria when a finalised scheme has been determined. This will be indicated on the council tax bill you receive in March 2020.

Q. How much more will I have to pay?

A. The aim of the scheme is to remain at around a cost neutral level. Some applicants may gain and some may lose. Any savings made from the revision of the scheme will be put aside for the council's exceptional hardship fund. Any applicant adversely affected by the changes to the scheme may apply for an exceptional hardship payment to help mitigate against any financial losses.

Q. If I lose some of my council tax reduction and I'm struggling to pay my council tax, what can I do?

A. You can claim for an exceptional hardship payment. More information including how to apply can be found on the website:

www.ashford.gov.uk/benefits-and-council-tax/council-tax-council-tax-reduction/council-tax-exceptional-hardship-scheme/

Even if you don't qualify for council tax reduction, you can still apply for an exceptional hardship payment. If you are experiencing financial difficulties, always contact the council tax department to discuss your situation.

Q. When will we know what the final scheme will be?

A. The new scheme will be considered by councillors in December 2019, following the results and analysis of our public consultation.

How to get involved

Between 1 August and 30 September 2019, Ashford Borough Council is asking residents, public organisations and charities who will have an interest in the proposed changes, what they think of the council's revised scheme.

To take part in the consultation you need to complete our council tax questionnaire.

This is available at:

<https://haveyoursay.ashford.gov.uk/consult/ti/CTRConsultation2020/>

If you have any further questions please:

Email counciltaxreduction@ashford.gov.uk

Phone 01233 331111

Visit Civic Centre, Tannery Lane, Ashford, Kent TN23 1PL.



ASHFORD

